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September 30, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Acting Auditor-Controller

SUBJECT: **SPECIAL SERVICE FOR GROUPS, INC. CONTRACT REVIEW – A
DEPARTMENT OF PUBLIC HEALTH HIV/AIDS PREVENTIVE CARE
SERVICE PROVIDER**

We have completed a fiscal review of Special Service for Groups, Inc. (SSG or Agency), a Department of Public Health (DPH) HIV/AIDS preventive care service provider.

Background

The DPH's Office of AIDS Programs and Policy (OAPP) contracts with SSG to provide mental health treatment, case management, health education and language services. SSG has offices in the First and the Second Districts.

At the time of our review, SSG had six cost reimbursement contracts with OAPP and was paid approximately \$900,000 in OAPP funds from April 2006 to June 2007.

Purpose/Methodology

The purpose of our review was to ensure that SSG appropriately spent funds in accordance with the County contract. We also evaluated the adequacy of SSG's accounting records, internal controls, and compliance with the contract and applicable federal and State fiscal guidelines governing the Ryan White, Comprehensive AIDS Resource Emergency Act. In addition, we determined whether the Agency provided services to eligible participants.

Results of Review

SSG appropriately recorded and deposited cash receipts timely in the Agency's bank account and maintained updated personnel files for their staff. However, SSG did not always comply with County contract requirements. For example, SSG:

- Did not adequately document the screening for Medi-Cal, private medical insurance and other third-party payer.
- Did not implement a client/patient fee determination system.
- Charged OAPP for salaries based on budgeted positions not actual time spent by employees working on OAPP activities as required.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

On June 11, 2008, we discussed our report with SSG. In their attached response, the Agency agreed with our findings and recommendations. We also notified DPH of the results of our review.

We thank SSG for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Administrative Officer
Jonathan E. Fielding, Director, Public Health Department
Herbert Hatanaka, Executive Director, Special Service for Groups
Public Information Office
Audit Committee

**HIV/AIDS PREVENTIVE CARE AND CARE SERVICES
SPECIAL SERVICE FOR GROUPS, INC.
FISCAL YEAR 2007-2008**

ELIGIBILITY

Objective

Determine whether Special Service for Groups (SSG or Agency) provided services to individuals that meet the eligibility requirements of the Office of AIDS Programs and Policy (OAPP).

Verification

We reviewed the case files for nine program participants that received services from April 2006 to June 2007 for documentation to confirm the participants' eligibility to receive program services.

Results

SSG's did not adequately document the screening of clients/patients for Medi-Cal, private medical insurance and other third-party payers as required by the County contract. Clients are eligible for program services after a financial screening has been completed validating that OAPP funds are the payer of last resort for the clients' care.

In addition, SSG did not implement a client/patient fee determination system, as required by the County contract. The County contract requires fees to be determined based on the clients/patients' ability to pay using a pre-determined fee schedule which must be approved by OAPP.

Recommendations

SSG management:

1. **Ensure clients/patients are properly screened for Medi-Cal, private medical insurance and other third-party payers and client files contain documentation indicating their eligibility for program services.**
2. **Establish and implement a client/patient fee determination system and ensure that it is reviewed and approved by OAPP.**

CASH/REVENUE

Objective

Determine whether cash receipts and OAPP revenue are properly recorded in the Agency's accounting records and deposited timely in their bank account. In addition,

determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's April 2007 bank reconciliations for two accounts.

Results

SSG properly recorded and deposited OAPP payments into the Agency's bank account. In addition, SSG reconciled their bank accounts on a monthly basis.

Recommendation

There are no recommendations in this section.

EXPENDITURES**Objective**

Determine whether program expenditures were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel and reviewed accounting records and supporting documentation for a sample of 18 non-personnel expenditure transactions charged to OAPP from April 2006 to April 2007, totaling \$67,408.

Results

SSG's expenditures were allowable, accurately billed to OAPP and supported by documentation as required.

Recommendation

There are no recommendations in this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether SSG's fixed assets and equipment purchases made with program funds are used for the OAPP program and are safeguarded.

We did not perform testwork in this area, as SSG did not purchase fixed assets with OAPP funds.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures are appropriately charged to OAPP. In addition, determine whether personnel files are maintained as required.

Verification

We traced payroll expenditures for eight employees in December 2006, totaling \$24,846. We also reviewed eight employees' personnel files.

Results

SSG payroll billings were based on budgeted full time positions not actual time spent by each employee performing OAPP related activities as required by the County contract. In addition, SSG did not require their staff to report the actual hours worked on the OAPP program on their timecards. As a result, we were unable to verify the appropriateness of the payroll expenditures billed to OAPP.

Recommendations

SSG management ensure:

3. Payroll billings are based on actual hours worked on OAPP related activities.
4. Employees' time records indicate the total hours worked on a daily basis by program.

COST ALLOCATION PLAN

Objective

Determine whether SSG's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed SSG's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency from April 2006 to April 2007 to ensure that the expenditures were properly allocated to the benefiting programs.

Results

SSG's Cost Allocation Plan was prepared in compliance with the County contract. However, SSG inappropriately billed shared payroll expenditures to OAPP based on budget and not actual expenditures.

Recommendation

Refer to Recommendations 3 and 4.



June 17, 2008

Herbert K. Hatanaka, DSW
Executive Director

SSG PROGRAMS

Asian Pacific AIDS Intervention
Team (APAIT)

Asian Pacific Counseling &
Treatment Centers (APCTC)

Asian Pacific Residential
Treatment Program

Benefits Assistance Clients
Urban Projects (BAC-UP)

Census Data & Geographic
Information Services (CD&GIS)

Children's Dental & Outreach
Project

Court Referral Service Project
(CRS)

Faith in Communities (FIC)

Homeless Outreach Program
(HOP)/Integrated Care System
(ICS)

Hurting & Hungry Project

Indochinese Counseling &
Treatment Clinic

Occupational Therapy Training
Program (OTTP)

Pacific Asian Alcohol & Drug
Program (PAADP)

PALS for Health (PALS)

Parents Neighborhood Youth
Program (PNYP)

Tongan Community Service
Center

West Boulevard Child
Development Center

AB2034 Mental Health Program

CONSORTIA

Asian and Pacific Islander
Mental Health Alliance

Elder Adults Program (EAP)

AFFILIATE ORGANIZATIONS

African American Alcohol and
Other Drug Council (AAAOD)

Treater West Hollywood Food
Coalition

A Asian Pacific American
Heritage Month Committee

Orange County Asian & Pacific
Islander Community Alliance
(OCAPICA)

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Wendy L. Watanabe, Acting Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Unit #51
Alhambra, CA.91803

Attention: Maria McGloin
Program Specialist III

**Re: Agency Response to Fiscal Review of HIV/AIDS Preventive
Care and Care Services Provider - Program Year 2006-2007**

Dear Ms. Watanabe:

Attached is Special Service for Groups' response to the HIV/AIDS
Preventive Care and Care Services Provider Program Fiscal Monitoring
Review.

Please do not hesitate to call Beth De Los Santos at (213) 553-1825 if
you need additional information regarding this letter. Thank you.

Sincerely,

Herbert Hatanaka, DSW
Executive Director

Attachment



Special Service for Groups

SPECIAL SERVICE FOR GROUPS

605 West Olympic Boulevard, Suite 600, Los Angeles, California 90015 (213) 553-1800 fax (213) 554-1822



**SPECIAL SERVICE FOR GROUPS
RESPONSE TO FISCAL MONITORING FOR PROGRAM YEAR 2006-2007
Department of Public Health HIV/AIDS Preventive Care and Care Services
Provider**

RECOMMENDATIONS:

SSG management:

Eligibility-Page 1

1. Ensure that Agency staff obtain the appropriate documentation from clients/patients to determine the participants' eligibility for program services.
2. Ensure that client files document the screening for Medi-Cal , private medical insurance and other public sector funding, as appropriate.
3. Establish and implement a client/patient fee determination system and ensure that is reviewed and approved by OAPP.

Management Response:

Since the audit, proper documentation are being obtained from clients/patients for eligibility requirements. Client information from other sources (County) is being documented. Medical insurance cards are being obtained, if any, and are being included in client files. A client/patient fee determination system is currently implemented and is included in program reports sent to OAPP on a regular basis.

Payroll and Personnel-Page 3

4. Payroll billings are based on actual hours worked on OAPP related activities.
5. Employees' time records account for the total work time on a daily basis by program.

Cost Allocation Plan-Page 4

SSG's Cost Allocation Plan was prepared in compliance with the County contract. However, SSG inappropriately billed shared payroll expenditures to OAPP based on budget and not actual expenditures

Management Response:

SSG billed payroll expenses to OAPP based on percentage of time spent on its programs. Going forward, OAPP programs will use actual hours worked and indicate these hours on the time sheets. We have designed a time sheet format that will indicate the split between programs of actual hours worked.